

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-98-C - ORDER NO. 2005-449
AUGUST 25, 2005

IN RE: Application of Matrix Telecom, Inc. for a) ORDER GRANTING
Certificate of Public Convenience and) MOTION FOR
Necessity to Resell Local Exchange) EXPEDITED REVIEW
Telecommunications Services within the State) AND APPLICATION FOR
of South Carolina) AUTHORITY TO
) PROVIDE LOCAL
) EXCHANGE SERVICE

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Matrix Telecom, Inc. ("Matrix" or "the Company") requesting the authority to provide local exchange service in South Carolina. Matrix is already authorized to provide resold interexchange service within the State of South Carolina. By this Application, the Company seeks authorization to offer resold local exchange service to customers in South Carolina.

The Commission's Docketing Department instructed Matrix to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. Matrix complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed with the Commission by the South Carolina Telephone Coalition ("SCTC"). Matrix and SCTC entered into a Stipulation Agreement. That Agreement is a part of the Commission's record in this matter. Under the Stipulation Agreement, Matrix has agreed to provide

local telecommunications service only to customers located in non-rural areas of South Carolina. Any exception to this limitation would require Matrix to provide at least thirty days prior notice to the incumbent LEC and this Commission of Matrix's intent to offer local service to a customer located in a rural incumbent LEC's service area.

Matrix additionally seeks waiver of the regulatory requirements that it be required to keep its books and records in South Carolina, and the requirement that it be required to publish and distribute telephone directories. Matrix further requested in its Motion that it be allowed to use Generally Accepted Accounting Principles ("GAAP") for its record keeping and reporting and for a waiver of any of the Commission's reporting requirements.

On May 5, 2005, this Commission issued Order No. 2005-222, which appointed a hearing examiner to hear this case.

On July 28, 2005, Matrix, through its attorney, filed a Motion requesting expedited review, for approval of its Application, and requesting to supplement its original Application with certain requests for waivers. The Office of Regulatory Staff (ORS) consented to the Motion. Matrix had previously provided the Commission with verified testimony of Dennis Smith, President of the Company. Documentation was provided evidencing that the Company possesses the financial, operational, and managerial resources required to provide high quality local exchange telecommunications service at competitive rates, terms and conditions. A Certificate for long distance authority was issued by this Commission in the form of Order No. 90-1176. This Order/Certificate was modified by Order No. 1994-947.

FINDINGS OF FACT

1. Matrix is organized as a corporation under the laws of the State of Texas and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Matrix was authorized to operate as a non-facilities based reseller of interexchange services in South Carolina by prior Orders of this Commission and now wishes to expand its service in South Carolina to include local exchange telecommunications services.

3. The Commission finds that Matrix possesses the necessary experience, capability, and financial resources to provide local exchange telecommunications in South Carolina. S.C. Code Ann. Section 58-9-280(B)(1).

4. The Commission further finds that Matrix will provide communications services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280(B)(2).

5. The Stipulation Agreement entered into by Matrix and the SCTC is made a part of the record in this matter. Under the terms of that Agreement, Matrix will only offer local exchange service to customers in the non-rural areas of South Carolina. Should Matrix wish to offer local exchange service to customers in the areas currently served by rural incumbent LECs, it shall provide at least thirty days prior written notice to the Commission and the incumbent LEC.

6. With the exception of the Petition to Intervene filed by SCTC, which was resolved by the aforestated Stipulation, no additional protests or Petitions to Intervene were filed in this matter.

7. The Commission finds sufficient facts to support the Company's request to utilize GAAP to maintain its books of accounts.

8. The Commission finds that the Company has additionally established sufficient facts and cause to warrant its exemption from the Commissions requirement to publish local exchange directories. In addition, we approve a waiver of the requirement that all company records be kept within the State of South Carolina.

9. The Commission finds that the provision of local exchange service by Matrix will not adversely impact the availability of local exchange service, will support universally available telephone service at affordable rates, and will not adversely impact the public interest. S.C. Code Ann. Section 58-9-280(B)(3), (4) & (5).

CONCLUSIONS OF LAW

1. Matrix's request for expedited review is granted on the basis of the facts as stated in this Order and under the authority of Commission Regulations 103-820 and 103-840.

2. Based on the above findings of fact, the Commission concludes Matrix should be granted a Certificate of Public Convenience and Necessity to provide competitive intrastate local exchange services only to customers located in non-rural areas of South Carolina. The terms of the stipulation agreement between Matrix and

SCTC are adopted as a part of this Order. Any proposals to provide local service to rural areas are, therefore, subject to the terms of the stipulation.

3. Matrix shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to any matters discussed with the Office of Regulatory Staff and comporting with South Carolina law.

4. Matrix is further required to comply with, in accordance with its Application and under Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a “Public Safety Communications Center,” which is more commonly known as a “911 system” or “911 service.” Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Matrix to contact the appropriate authorities regarding 911 service in the counties and cities where the company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning local telephone service in South Carolina. Accompanying this Order is a memo from the State 911 Office of the Office of Research & Statistics of the South Carolina Budget and Control Board. This memo provides information about contacting County 911 Coordinators. By this Order and prior to providing local telephone services in South Carolina, Matrix shall contact the 911 coordinator in each county (and city where the city has its own 911 system) and shall provide information regarding the Company’s operations as required by the 911 system.

5. Matrix shall resell the services of only those LECs authorized to do business in South Carolina by this Commission. If Matrix changes underlying carriers, it shall notify the Commission in writing.

6. Matrix is required to file annual report information for competitive local exchange carriers. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's website at www.psc.state.sc.us/forms/default.htm. This form is entitled "Annual Report for Competitive Local Exchange Carriers" and consists of four pages. Additionally, Matrix shall file with the Commission a quarterly report entitled "CLEC Service Quality Quarterly Report." The proper form for this report is found on the Commission's website at www.psc.state.sc.us/forms/default.htm.

7. The Company shall continue to maintain an authorized utility representative who must be prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. Further, the Company shall promptly notify the Commission in writing if the representative(s) is replaced. The form Matrix is required to use by which to file the authorized utility representative information may be found at the Commission's website at www.psc.state.sc.us/forms/default.htm. This form is entitled "Authorized Utility Representative Information." Matrix shall also file with the Commission a copy of its general bill form for the additional service authorized by this Order as required by S.C. Code Ann. Regs. 103-612.2 and 103-622.

8. Matrix shall conduct its business in compliance with Commission decisions and Orders, both past and future, including, but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

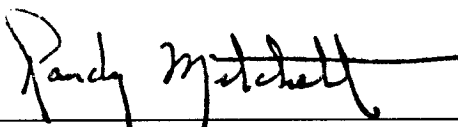
9. The Federal Communications Commission (FCC) in July of 2000 required all telecommunications carriers throughout the United States to implement three-digit, 711, dialing for access to all Telecommunications Relay Services (TRS). The Commission issued a memorandum in March of 2001 instructing all South Carolina telecommunications carriers to implement the service completely by October of 2001. All competitive local exchange carriers (CLECs) and incumbent local exchange carriers (ILECs) were instructed to include language in their tariffs introducing 711 as a new service offering with deployment by July 1, 2001, and to translate 711 dialed calls to 1-800-735-2905. All Payphone Service Providers (PSPs) were instructed to modify their programmable phones to translate calls dialed as 711 to the assigned TRS toll free number 1-800-735-2905 in order to route 711 calls to the TRS provider before October 2, 2001. Additionally, telephone directories were required to be updated and bill inserts promoting 711 were also required. Matrix must comply with the applicable mandates. For complete information on compliance with this FCC and Commission requirement, go to the Commission's website at www.psc.state.sc.us/forms.

10. By its Application, Matrix requested a waiver of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 2004). In lieu of publishing local directories, Matrix informs the Commission that if, and when, it provides switched voice services, it will contract

with the incumbent LECs to provide Matrix's customers with directory listings, as well as to undertake the distribution of directories. The Commission finds Matrix's request reasonable and grants the requested waiver of the application of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 2004). Further, Matrix is granted a waiver of 26 S.C. Regs. 103-610 (1976 and Supp. 2004) requiring the Company to maintain its financial books and records within the State of South Carolina. Matrix is hereby granted permission to maintain its financial books and records at its principal headquarters, provided Matrix will make its records available for inspection at reasonable times as requested. Further, the Commission acknowledges that Matrix will maintain its financial books and records in conformance with GAAP. Matrix is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.


11. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Randy Mitchell, Chairman

ATTEST:



G. O'Neal Hamilton, Vice-Chairman

(SEAL)

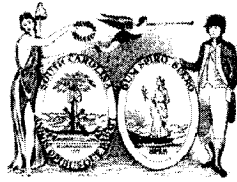
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Bobby Bowers
DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at www.ors.state.sc.us/digital/E-911.ASP. If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

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